

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 26, 2026

NEW ISSUE—Book-Entry-Only

RATING†*: Moody’s Investors Service: Aa2

In the opinion of Thrun Law Firm, P.C., Bond Counsel, under existing law, (i) the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, (ii) interest on the Bonds is excluded from gross income for federal income tax purposes to the extent and subject to the conditions described herein, and (iii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax to the extent and subject to the conditions described herein. See “TAX MATTERS” herein.



\$53,535,000**

**NOVI COMMUNITY SCHOOL DISTRICT
COUNTY OF OAKLAND, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE (SERIES I) AND REFUNDING BONDS
(GENERAL OBLIGATION – UNLIMITED TAX)**

Dated: Date of Delivery

Due: May 1 and November 1, as shown below

On November 4, 2025, the qualified electors of the Novi Community School District, County of Oakland, State of Michigan (the “School District”) approved the issuance of bonds in the amount not to exceed \$425,000,000 to be issued in one or more series. Proceeds of the 2026 School Building and Site (Series I) and Refunding Bonds (General Obligation – Unlimited Tax) (the “Bonds”) in the principal amount of \$50,000,000**, representing the first series of bonds issued pursuant to the 2025 authorization, will be used for school building and site purposes and the remaining proceeds of the Bonds in the principal amount of \$3,535,000** will be used to currently refund a prior bond issue of the School District. The Bonds were authorized by the Board of Education of the School District by resolutions adopted on December 11, 2025 and expected to be adopted on March __, 2026 (together, the “Resolutions”). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the “Beneficial Owners”) will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See “THE BONDS—Book-Entry-Only System” herein.

Principal of and interest on the Bonds will be paid by the corporate trust office of UMB Bank, N.A., Grand Rapids, Michigan (the “Paying Agent”). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC’s Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC’s Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on November 1 and May 1, commencing November 1, 2026 to the Bondholders of record as of the applicable record dates as stated in the Bonds.

The School District has applied for municipal bond insurance to insure the Bonds, but has not, as of the date hereof, received or accepted a commitment. See “POTENTIAL FOR BOND INSURANCE” herein.

(Base CUSIP\$: _____)

<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>	<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>
11/01/2026	\$3,470,000				11/01/2041	\$ 800,000			
05/01/2027	1,500,000				11/01/2042	850,000			
11/01/2027	365,000				11/01/2043	900,000			
11/01/2028	360,000				11/01/2044	3,750,000			
11/01/2029	455,000				11/01/2045	3,750,000			
11/01/2030	455,000				11/01/2046	3,750,000			
11/01/2031	450,000				11/01/2047	4,500,000			
11/01/2032	450,000				05/01/2048	1,000,000			
05/01/2035	340,000				11/01/2048	4,500,000			
11/01/2035	440,000				05/01/2049	1,000,000			
11/01/2036	525,000				11/01/2049	5,000,000			
11/01/2037	600,000				05/01/2050	4,250,000			
11/01/2038	650,000				11/01/2050	5,000,000			
11/01/2039	700,000				05/01/2051	2,975,000			
11/01/2040	750,000								

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER NOVEMBER 1, 2036** ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2036**, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See “THE BONDS — Optional Redemption” herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriters subject to the approving legal opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about March __, 2026.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



J.P. Morgan

The date of this Official Statement is March __, 2026.

† For an explanation of the rating, see “RATING” herein.
* As of date of delivery.
** Preliminary, subject to change.

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This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed “final” by the School District for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District or the Underwriters. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Information herein has been obtained from the School District, The Depository Trust Company and other sources believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING," which was obtained from the Underwriters).

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the School District, approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT CONCERNING THE SCHOOL DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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Betsy Beaudoin, Vice President
Paul Cook, Secretary
Jamie Kliebert, Treasurer
Willy Mena, Trustee
Jason Michener, Trustee
Mary Ann Roney, Trustee

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OFFICIAL STATEMENT
relating to

\$53,535,000¹

NOVI COMMUNITY SCHOOL DISTRICT
COUNTY OF OAKLAND, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE (SERIES I) AND REFUNDING BONDS
(GENERAL OBLIGATION – UNLIMITED TAX)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the Novi Community School District, County of Oakland, State of Michigan (the "School District") of its 2026 School Building and Site (Series I) and Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$53,535,000¹.

PURPOSE AND SECURITY

On November 4, 2025, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an amount not to exceed \$425,000,000 to be issued in one or more series. Proceeds of the Bonds in the principal amount of \$50,000,000¹, representing the first series of bonds issued under such authorization, are being issued for the purpose of erecting additions to, remodeling, including security improvements to, furnishing and refurnishing, and equipping and re-equipping school buildings; erecting school buildings and school support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; and acquiring, equipping, developing, and improving playgrounds, play fields, athletic fields and facilities, parking areas, driveways and sites; and paying a portion of the cost of issuing the Bonds.

The remaining \$3,535,000¹ of the bond proceeds will be used for the purpose of currently refunding all or a portion of the School District's outstanding 2016 School Building and Site Bonds, Series II, dated May 3, 2016, which are due and payable May 1, 2027 through May 1, 2036, inclusive (the "Prior Bonds"); and paying the remaining portion of the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on December 11, 2025 and expected to be adopted on March __, 2026 (together, the "Resolutions"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount.

POTENTIAL FOR BOND INSURANCE

The School District has applied for municipal bond insurance to insure the Bonds, but has not, as of the date hereof, received or accepted a commitment for such insurance. The School District will, together with its financial advisor, evaluate any commitment that is received and determine whether it is cost effective to accept the commitment to insure the Bonds. If the Bonds are insured, information regarding the bond insurance, the bond insurer, and the effect of insurance on the ratings for the Bonds will be included in the final Official Statement.

¹ Preliminary, subject to change.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds will be used to pay certain costs of issuance relating to the refunding of the Prior Bonds and, together with other available funds of the School District, to establish an escrow fund (the "Escrow Fund") composed of cash and non-callable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing. The Escrow Fund will be held by the corporate trust office of UMB Bank, N.A., Grand Rapids, Michigan, as escrow agent (the "Escrow Agent") and will be used to pay the principal of and interest on the Prior Bonds at call for redemption. The Escrow Fund will be held by the Escrow Agent pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably directs the Escrow Agent to make the payment of principal of and interest on the Prior Bonds at call for redemption. The Escrow Fund will be such that the cash and the principal of and interest payments received on investments will be sufficient, without reinvestment except as provided in the Escrow Agreement, to pay the principal of and interest on the Prior Bonds when called for early redemption, as set forth in the following table.

**Principal of and Interest on the
Prior Bonds to be paid from the Escrow Fund¹**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
05/01/2026	\$3,500,000.00	\$68,250.00	\$3,568,250.00

The accuracy of the mathematical computations of (i) the adequacy of the cash and certain obligations to be held in the Escrow Fund and used, together with the earnings thereon, to pay the principal of and interest on the Prior Bonds at call for redemption and (ii) the yield on the Prior Bonds as originally issued and the yield of such obligations in the Escrow Fund purchased with the contribution from the Prior Bonds debt retirement fund, supporting the conclusion of Bond Counsel that the interest on the Bonds is excluded from gross income for federal tax purposes as indicated under the caption "TAX MATTERS" herein, will be verified by Robert Thomas CPA, LLC, Overland Park, Kansas (the "Verification Agent"). Such verification of accuracy of the computations shall be based upon information supplied by the Underwriter and the interpretations of Section 148 of the Internal Revenue Code of 1986, as amended, as provided by Bond Counsel.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

- Par Amount of the Bonds
- Original Issue Premium
- Original Issue Discount
- Contribution from Prior Bonds' Debt Retirement Funds
- Total Sources

USES

- Capital Projects Fund
- Escrow Fund
- Underwriters' Discount
- Costs of Issuance for the Bonds
- Total Uses

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and

¹ Preliminary, subject to change.

bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 2026. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of UMB Bank, N.A., Grand Rapids, Michigan, will serve as the paying agent (the "Paying Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. For a description of payment of principal and interest, transfers, exchanges on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the School District, the Paying Agent or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the School District, the Paying Agent or the Underwriters to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic

statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the School District or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the School District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolutions, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolutions. No transfer or exchange made other than as described above and in the Resolutions shall be valid or effective for any purposes under the Resolutions.

Optional Redemption¹

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after November 1, 2036¹, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2036¹, at par plus accrued interest to the date fixed for redemption.

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Paying Agent. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Paying Agent, in the principal amounts designated by the School District. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Paying Agent to redeem said Bonds. Upon presentation and surrender of such Bonds at the corporate trust office of the Paying Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Paying Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

TAX PROCEDURES

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below.

¹ Preliminary, subject to change.

The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State of Michigan (the "State") approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, and increased or reduced by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local board of review, the Michigan Tax Tribunal, and ultimately to the Michigan appellate courts.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the county's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in the Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, amended, is recorded on a separate tax roll while subject to tax abatement. The valuation of tax-abated property is based upon SEV but is not included in either the SEV or Taxable Value data in the Official Statement except as noted. Under limited circumstances, other State laws permit the partial abatement of certain taxes for other types of property for periods of up to 12 years.

LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES

The Resolutions authorizing the issuance of the Bonds and State law obligate the School District to levy a tax annually in an amount sufficient so that the estimated collections therefrom, will be sufficient to pay promptly when due the principal of and interest on the Bonds becoming due prior to the time of the next tax levy. The tax levy shall not be subject to limitation as to rate or amount. Taxes for the payment of the principal of or interest on the Bonds are certified for collection each year with the school tax levies. In the event of the failure of the proper officials to certify taxes for the payment of the principal and interest requirements, a timely action in the nature of mandamus could compel certification and collection of adequate taxes.

Registered owners of the Bonds may attempt to obtain a money judgment against the School District for the principal amount of the Bonds or interest not paid when due and may periodically attempt to enforce the collection of the money judgment by requiring the tax assessing officers for the School District to place the amount of such judgment on the next tax rolls of the School District. The rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts.

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 15 of 2025 ("PA 15"), the Legislature established a 2025/26 target foundation allowance of \$10,050 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property¹, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties² in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2025/26 calculates to an amount in excess of \$10,050 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property³ as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2025/26 per pupil foundation allowance exceeds \$10,050, and the School District levies such additional millage.

State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State school aid fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the State School Aid Act subjects most state aid payable to school districts for that fiscal year to an automatic proration on a per pupil basis in an amount necessary to eliminate the portion of the overage attributable to the appropriation to all school districts. See "STATE AID PAYMENTS" in APPENDIX A.

Public Act 120 of 2024 amended the State School Aid Act for the 2024/25 fiscal year, maintaining the School District's foundation allowance from the previous year at \$9,918 per pupil.

PA 15 amended the State School Aid Act for the 2025/26 fiscal year, increasing the School District's foundation allowance to \$10,211 per pupil.

Pursuant to PA 15, the School District may be eligible to receive various categorical grants for specific purposes, such as special education, "at-risk" students, meal programs, early education, career and technical education programs, and other instructional and non-instructional programs. The annual amendments to the State School Aid Act determine the type and amount of those categorical funds. For further information regarding the School District's receipt of categorical funds for the 2024/25 fiscal year, see the School District's audited financial statements in APPENDIX C.

¹ "Taxable property" in this context does not include industrial personal property.

² "Non-homestead property" includes all taxable property other than principal residence, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, and industrial personal property. Commercial personal property, to the extent not otherwise exempt, is exempt from the first 12 mills of not more than 18 mills levied by school districts.

³ "Homestead property", in this context, means principal residence, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, certain industrial personal property and certain commercial personal property, to the extent not otherwise exempt.

THE SOURCES OF THE SCHOOL DISTRICT'S OPERATING REVENUE DO NOT IMPACT THE TAXING AUTHORITY OF THE SCHOOL DISTRICT FOR PAYMENT OF GENERAL OBLIGATION UNLIMITED TAX SCHOOL BONDS AND DO NOT AFFECT THE OBLIGATION OF THE SCHOOL DISTRICT TO LEVY TAXES FOR PAYMENT OF DEBT SERVICE ON GENERAL OBLIGATION UNLIMITED TAX BONDS OF THE SCHOOL DISTRICT, INCLUDING THE BONDS OFFERED HEREIN.

MICHIGAN PROPERTY TAX REFORM

On November 5, 2013, March 28, 2014, and April 1, 2014, a package of bills amended and replaced legislation enacted in 2012 to phase-out most personal property taxation in Michigan. The bills were contingent on Michigan voters approving a ballot question authorizing a new municipal entity, the Local Community Stabilization Authority ("LCSA"), to levy a local component of the statewide use tax and distribute that revenue to local units of government to offset their revenue losses resulting from the personal property tax reform. On August 5, 2014, voters approved that ballot question.

The bill package, together with the original 2012 legislation, created two new exemptions from the personal property tax. Under the "small taxpayer exemption," the commercial and industrial personal property of each owner with a combined true cash value in a local tax collecting unit of less than \$80,000 became exempt from ad valorem taxes in that collecting unit beginning in 2014, with such threshold being increased by the legislature to a combined true cash value in a local tax collecting unit of less than \$180,000 beginning in 2023. For businesses that do not qualify for the "small taxpayer exemption," all "eligible manufacturing personal property" (personal property used more than 50% of the time in industrial processing or direct integrated support) purchased and placed into service before 2006 or during or after 2013 became exempt beginning in 2016. Taxation on "eligible manufacturing personal property" placed into service after 2006 but before 2013 will be phased-out over time; with the exemption taking effect after the property has been in service for the immediately preceding 10 years. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the voter approved personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the legislation also includes a formula to reimburse school districts for 100% of their lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduces the state share of the use tax and authorizes the LCSA to levy a local component of the use tax and distribute that revenue to qualifying local units. However, the reimbursement for the school district's operating millage will come from the State use tax component, which is deposited into the State school aid fund.¹ While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, the School District will be reimbursed for debt millage calculated pursuant to a statutory formula.

LITIGATION

The School District has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the School District no litigation or administrative action or proceeding has been threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the Underwriters at the time of the original delivery of the Bonds.

¹ A school district that increases its millage rate, without voter approval, to replace debt millage revenue loss would not be eligible to receive reimbursement distributions. Because much of the reimbursement funds are deposited into the State school aid fund, the legislature may, in the future, change the funding formulas in the State School Aid Act of 1979 or appropriate funds therein for other purposes.

TAX MATTERS

State

In the opinion of Thrun Law Firm, P.C., East Lansing, Michigan ("Bond Counsel"), based on its examination of the documents described in its opinion, under existing State of Michigan statutes, regulations, rulings and court decisions, the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Federal

In the opinion of Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an "applicable corporation" as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code") is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel will express no opinion regarding other federal tax consequences with respect to the Bonds.

There are additional federal tax consequences relative to the Bonds and the interest thereon. The following is a general description of some of these consequences but is not intended to be complete or exhaustive and investors should consult with their tax advisors with respect to these matters. Prospective purchasers of the Bonds should be aware that (i) interest on the Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Bonds is included in the calculation of modified adjusted gross income for purposes of determining the taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Bonds, (vi) holders of the Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Bonds, and (vii) commercial banks, thrift institutions and other financial institutions may not deduct their costs of carrying certain obligations such as the Bonds.

Original Issue Premium¹

For federal income tax purposes, the initial offering prices to the public (excluding bond houses and brokers) of certain Bonds, as set forth on the cover of this Official Statement, may be greater than the stated redemption prices at maturity (the "Premium Bonds"), and constitutes for the original purchasers of the Premium Bonds an amortizable bond premium. Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of a taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Premium Bonds.

¹ Preliminary, subject to change.

Original Issue Discount¹

The initial public offering prices of certain Bonds, as set forth on the cover page of this Official Statement, may be less than the stated redemption prices at maturity (hereinafter referred to as the "OID Bonds"), and, to the extent properly allocable to each owner of such OID Bond, the original issue discount is excludable from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of the OID Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. For an owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such OID Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the original issue discount federal regulations will require them to include, for state and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

Future Developments

No assurance can be given that any future legislation or clarifications or amendments to the Code or to Michigan statutes, if enacted into law, will not contain proposals which could cause the interest on the Bonds to be subject directly or indirectly to federal or State income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

Furthermore, no assurance can be given that the impact of any future court decisions will not cause the interest on the Bonds to be subject directly or indirectly to federal or State income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE TREATMENT OF ORIGINAL ISSUE PREMIUM OR ORIGINAL ISSUE DISCOUNT, IF ANY.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale by the School District of the Bonds are subject to the approving opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Bond Counsel has made no inquiry as to any financial information, statements or materials contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

¹ Preliminary, subject to change.

Certain legal matters will be passed upon for the Underwriters by their counsel, Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

RATING

Moody's Investors Service ("Moody's") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "Aa2" to the Bonds.

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to Moody's certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse affect on the market price of the Bonds. Any ratings assigned represent only the views of Moody's. Further information is available upon request from Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone: (212) 553-0377.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated and J.P. Morgan Securities LLC (collectively, the "Underwriters"), have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the validity of the Bonds or the status of the Bonds or the interest thereon as exempt from taxation in the State of Michigan and interest on the Bonds is excluded from gross income for federal income tax purposes (except as described under the heading "TAX MATTERS" herein), and (ii) proceedings relating to the Bonds are not pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement further provides that the School District will provide to the Underwriters, within seven business days of the date of the Bond Purchase Agreement, an electronic copy of the Official Statement to enable the Underwriters to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

Stifel, Nicolaus & Company, Incorporated ("Stifel") and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

MUNICIPAL ADVISOR'S OBLIGATION

Baker Tilly Municipal Advisors, LLC (successor to H.J. Umbaugh & Associates, Certified Public Accountants, LLP) (the "Municipal Advisor" or "Baker Tilly") has been retained by the School District to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by the School District officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor's duties, responsibilities and fees arise solely as municipal advisor to the School District and they have no secondary obligations or other responsibility. The Municipal Advisor's fees are expected to be paid from proceeds of the Bonds.

Municipal Advisor Registration

Baker Tilly is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Baker Tilly is providing certain specific municipal advisory services to the School District, but is neither a placement agent to the School District nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the School District, in the sole discretion of the School District, and under its control and supervision. The School District has agreed that Baker Tilly does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations

Baker Tilly Investment Services, LLC ("BTIS") is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of Baker Tilly.

Baker Tilly Virchow Krause, LLP ("BTVK") is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTVK and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTVK is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTVK, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority

("FINRA"). BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of Baker Tilly.

Baker Tilly Financial, LLC ("BTF"), a wholly owned subsidiary of BTVK, is a state-registered investment adviser that provides both discretionary and non-discretionary investment advice, investment and pension consulting and portfolio management services to individual and institutional clients. BTF may provide advisory services to the clients of Baker Tilly.

Baker Tilly has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Agreement (the "Agreement") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person, which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Agreement, are set forth in "APPENDIX E: Form of Continuing Disclosure Agreement." Additionally, the School District shall provide certain annual financial information and operating data generally consistent with the information contained within the tables under the headings "Enrollment – Enrollment History," "Labor Relations," "Retirement Plan - Contributions to MPSERS," "History of Valuations – State Equalized Valuation and Taxable Value," "Tax Levies and Collections," "State Aid Payments," "School District Tax Rates (Per \$1,000 of Valuation)," "Largest Taxpayers," and "Direct Debt," in APPENDIX A and General Fund Budget Summary in APPENDIX B.

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolutions and Beneficial Owners of the Bonds are limited to the remedies described in the Agreement. A failure by the School District to comply with the Agreement must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The School District has not, in the previous five years, failed to comply in any material respect with any previous continuing disclosure agreement or undertaking executed by the School District pursuant to the Rule.

OTHER MATTERS

All information contained in this Official Statement, in all respects, is subject to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The School District certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the School District and its economic and financial condition, is true and correct as of the date of this Official Statement, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

NOVI COMMUNITY SCHOOL DISTRICT
COUNTY OF OAKLAND
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

APPENDIX A¹
SCHOOL DISTRICT DATA

Location and Area

Novi Community School District (the "School District") is a K-12 school district located in the southeastern portion of Michigan's Lower Peninsula, approximately 29 miles west of the City of Detroit. The School District covers an area of approximately 18.41 square miles and lies entirely in Oakland County. The School District includes parts of the cities of Novi and Wixom in Oakland County.

Population²

The School District's historical estimated populations within its boundaries are as follows:

2020	35,356
2010	32,707
2000	29,579

The following is a record of the 2010 and 2020 populations for the municipal units that overlap the School District, without regard to the School District boundaries.

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
<i>Oakland County</i>	1,202,362	1,274,395	5.99%
City of Novi	55,224	66,243	19.95%
City of Wixom	13,498	17,193	27.37%

Board of Education

The School District is governed by seven elected Board of Education members who serve staggered six-year terms.

Enrollment

The following tables show total full-time equivalent enrollments as of the Fall pupil count day at the School District for 2025/2026 enrollment by grade and the past nine years.

Enrollment History

2025/26	6,752	2020/21	6,597
2024/25	6,710	2019/20	6,711
2023/24	6,704	2018/19	6,717
2022/23	6,666	2017/18	6,641
2021/22	6,636	2016/17	6,536

Projected enrollment for 2026/2027 is 6,784 as estimated by the School District.

¹ Unless otherwise noted, the information contained in Appendix A was provided by the School District.

² Sources: School District figures: 2000, 2010 and 2020 – U.S. Census of Population.

2025/26 Enrollment by Grade

Y5, K & ECSE	500	8 th	544
1 st	398	9 th	523
2 nd	455	10 th	562
3 rd	471	11 th	500
4 th	520	12 th	516
5 th	577	Special Education	<u>129</u>
6 th	518		
7 th	539	Total	<u>6,752</u>

School District Facilities

	<u>Grades Served</u>	<u>Year Constructed</u>	<u>Last Remodel/Addition</u>
<i>Elementary Schools:</i>			
Deerfield	K-4	2000	2019
Novi Woods	K-4	1976	2019
Orchard Hills	K-4	1958	2021
Parkview	K-4	1989	2019
Village Oaks	K-4	1971	2021
<i>Intermediate School:</i>			
Novi Meadows	5-6	1967	2023
<i>Middle School:</i>			
Novi	7-8	1999	2021
<i>High School:</i>			
Novi	9-12	1977	2016
<i>Pre-School:</i>			
Early Childhood Educ. Center	Pre-K	2016	-
<i>Additional Facilities:</i>			
The ROAR Center		1998	2023

Other Schools

The following are the only private or parochial schools located within the School District's boundaries.

<u>School</u>	<u>Grades Served</u>
Detroit Catholic Central High School	9-12
Novi-Northville Montessori Center	Pre-K - K

Labor Relations

<u>Class</u>	<u>Number</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Administrators	44	Non-Affiliated	N/A
Teachers	486	MEA	06/30/26*
Clerical/Para/Aids	110	MEA	06/30/27
Maintenance/Custodial	12	IUOE	06/30/28
Transportation	31	MEA	06/30/28
Other	<u>289</u>	Non-Affiliated	N/A
Total	<u>972</u>		

*Currently in negotiations.

The School District has not experienced a strike by any of its bargaining units within the past ten years.

Retirement Plan

For the period October 1 through September 30, the School District pays an amount equal to a percentage of its employees’ wages to the Michigan Public School Employees Retirement System (“MPERS”), which is a statewide retirement plan for employees of Michigan public schools administered by the State of Michigan. These contributions are established and required by law and are calculated by using the contribution rates as determined annually by the State.

Public Act 75 of 2010 (“Act 75”) significantly modified MPERS and among other provisions required all employees hired after July 1, 2010 to participate in a new Pension Plus Plan which provides a combined defined benefit and defined contribution benefit structure. Public Act 92 of 2017 (“Act 92”) further modified MPERS for all employees hired on or after February 1, 2018. Act 92 requires all employees hired on or after February 1, 2018 to elect to participate in a new 401(k) style defined contribution plan or a new hybrid plan with different assumptions and cost sharing.

The School District’s estimated contribution to MPERS for 2025/26 and the contributions for the previous four years are shown below.

<u>Fiscal Year Ending June 30,</u>	<u>Contributions to MPERS¹</u>
2026	\$29,556,544 (estimated)
2025	29,081,476
2024	23,515,534
2023	24,845,627 ²
2022	19,005,376

Note: GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. Please refer to the audit for the pension liability.

Other Post-Employment Benefits¹

MPERS is a cost-sharing, multi-employer, statewide plan. Pension benefits and retiree health benefits are established by law and funded through employer contributions. The cost of retiree benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits is reflected in the figures provided above. Further information regarding MPERS, including retiree health benefits, can be found at www.michigan.gov/orsschools.

¹ Sources: Audited Financial Statements and School District.

² In fiscal year end 2023 the School District received a non-recurring State Aid categorical revenue amount (Section 147c(2) MPERS One-Time Deposit) of \$4,529,216 for a payment to the MPERS unfunded liability.

GENERAL FINANCIAL INFORMATION

Assessed Valuations¹

Taxable property in the School District is assessed by the respective municipal assessors and is subject to review by the County Equalization Department. Tax levies on property in Michigan are applied against the taxable value of all property on the ad valorem tax roll as finally equalized by the State of Michigan.

In accordance with Act 539, Public Acts of Michigan, 1982, as amended, and Article IX, Section 3, of the 1963 Michigan Constitution, the ad valorem state equalized valuation ("SEV") represents 50 percent of true cash value. SEV does not include any value of tax exempt property (e.g. churches, governmental property and public schools) or property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended. The assessed values of Industrial Facilities Tax (IFT) properties are maintained on a separate tax roll. Beginning in 1994, ad valorem property taxes are levied on the basis of taxable value, which is subject, in the case of some property, to assessment caps.

The following tables show a history of assessed valuations for the School District and an analysis of the 2025 taxable value by class and by municipal unit.

History of Valuations – State Equalized Valuation and Taxable Value^{2,3,4}

	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2025	\$4,153,925,860	\$3,306,265,880
2024	3,884,412,755	3,150,985,410
2023	3,587,647,150	2,971,009,260
2022	3,351,832,400	2,791,206,540
2021	3,248,626,299	2,658,189,689

2025 Taxable Value by Class^{1,3}

	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Commercial Real	\$930,928,680	28.16%
Industrial Real	65,072,780	1.97
Residential Real	2,106,891,250	63.72
Commercial Personal	146,795,240	4.44
Industrial Personal	3,101,530	0.09
Utility Personal	<u>53,476,400</u>	<u>1.62</u>
Total	<u>\$3,306,265,880</u>	<u>100.00%</u>

¹ See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.

² Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base to the extent not otherwise exempt. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only to the extent not otherwise exempt.

³ Source: Oakland County Equalization Department.

⁴ The School District's debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

2025 Taxable Valuation by Municipal Unit^{1,2,3}

<u>Name of Unit</u>	<u>Homestead</u> ¹	<u>Non-Homestead</u> ³	<u>Total Taxable Valuation</u>	<u>% of Total Valuation</u>
<i>Oakland County</i>				
City of Novi	\$2,046,679,090	\$1,255,330,800	\$3,302,009,890	99.87%
City of Wixom	<u>349,240</u>	<u>3,906,750</u>	<u>4,255,990</u>	<u>0.13</u>
Total	<u>\$2,047,028,330</u>	<u>\$1,259,237,550</u>	<u>\$3,306,265,880</u>	<u>100.00%</u>

Industrial Facilities Tax (IFT) Valuation²

Under the provisions of Act 198 the Public Acts of Michigan, 1974, as amended (“Act 198”), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area. An industrial facilities tax (“IFT”) is paid, at a lesser effective rate and in lieu of an ad valorem property taxes, on such facilities for a period up to 12 years. Qualifying facilities are issued abatement certificates for specific periods.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198. The 2025 Taxable Value for the properties which have been granted IFT abatements within the School District’s boundaries is \$11,410,060, which is taxed at one-half rate of the total IFT valuations.

As part of the phase-out of Michigan’s property tax on personal property, if a facility and personal property within that facility is subject to an industrial facilities tax until the expiration of said tax at which time the property tax exemption would remain intact until the “eligible personal property” is exempt under the new law. See “MICHIGAN PROPERTY TAX REFORM” herein.

Tax Increment Authorities

Act 57 of the Public Acts of Michigan, 2018, as amended (the “Recodified Tax Increment Financing Act”) and Act 381 of the Public Acts of Michigan, 1996 (the “BRDA Act,” and, together the “TIF Acts”), authorize the designation of specific districts known as Tax Increment Finance Authority (“TIFA”) Districts, Downtown Development Authority (“DDA”) Districts, Local Development Finance Authority (“LDFA”) Districts and Brownfield Redevelopment District Authority (“BRDA”) Districts, respectively. TIF Districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within such areas. Tax increment financing permits the TIFA, DDA, LDFA or BRDA to capture tax revenues attributable to increases in value (“TIF Captured Value”) of real and personal property located within an approved development area while any tax increment financing plans by an established District are in place. These captured revenues are used by the TIF District and are not passed on to the local taxing jurisdictions.

The City of Novi has a DDA established in 2018 with a 2025 current taxable value of \$5,794,940 and a captured taxable value of \$5,620,700 and a DDA established in 2021 with a 2025 current taxable value of \$3,034,020 and a captured taxable value of \$160,050⁴. The DDA does not capture any of the School District’s taxes.

¹ See “MICHIGAN PROPERTY TAX REFORM” herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.

² Source: Oakland County Equalization Department.

³ Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base to the extent not otherwise exempt. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only to the extent not otherwise exempt.

⁴ Source: City of Novi Assessor’s office.

Tax Levies and Collections

The School District's fiscal year begins July 1. School District property taxes are levied on July 1 and December 1 of each fiscal year and are payable without interest on or before the following September 14 and February 14. On March 1, unpaid real property taxes are returned delinquent to the County Treasurer for collection with penalties and interest. On the first Tuesday in May in each year, a tax sale is held by the County of Oakland at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

A history of the operating tax levies and collections for the School District is as follows:

School Year	Operating Tax Levy		Current collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2025/26	\$26,043,332 (est.)		(In process of collection)		(In process of collection)	
2024/25	24,773,765		\$23,575,834	95.16%	\$23,998,588	96.87%
2023/24	22,745,194		22,408,909	98.52%	22,504,992	98.94%
2022/23	20,619,266		20,000,376	97.00%	20,289,826	98.40%
2021/22	19,968,438		19,406,915	97.19%	19,830,268	99.31%

State Aid Payments

The School District’s primary source of funding for operating costs is the State aid foundation allowance per pupil. The base foundation allowance for all school districts in the State of Michigan is \$10,050 per pupil for fiscal year 2025/26. In future years, this allowance may be adjusted by an index based upon the change in revenues to the State school aid fund and the change in the total number of pupils statewide. The School District foundation allowance is greater than the base foundation allowance. See “SOURCES OF SCHOOL OPERATING REVENUE” herein for additional information.

The following table shows a history of the School District’s Blended Pupil Count, Foundation Allowance Per Pupil and Total State Aid Payments including categoricals.

Year	Blended Pupil Count	Foundation Allowance Per Pupil	Total State Aid Payments
2025/26	6,765	\$10,211	\$70,063,966 (estimated)
2024/25	6,761	9,918	68,284,524
2023/24	6,716	9,918	66,650,418
2022/23	6,665	9,369	63,348,937
2021/22 ¹	6,631	8,948	51,553,858

¹ Public Act 48 of 2021 increased the base foundation allowance to \$8,700 per pupil in 2021/22 and eliminated the foundation allowance range that has been in place since the passage of the school finance reform legislation in 1994. See “SOURCES OF SCHOOL OPERATING REVENUE” herein.

School District Tax Rates (Per \$1,000 of Valuation)¹

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Voted ¹	18.0000	18.0000	18.0000	17.2472	17.2472
Debt	6.7500	6.5000	6.5000	6.5000	6.5000
Voted Hold Harmless	1.0130	1.0732	1.1100	1.1364	1.2754
Voted Recreational	0.9342	0.9365	0.9365	0.9365	0.9365
Sinking Fund ¹	<u>0.4701</u>	<u>0.4713</u>	<u>0.4713</u>	<u>0.4713</u>	<u>0.4713</u>
Total Homestead	9.1673	8.9810	9.0178	9.0442	9.1832
Total Non-Homestead	27.1673	26.9810	27.0178	26.2914	26.4304

Other Tax Rates (Per \$1,000 of Valuation)²

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
<i>Oakland County</i>	4.5762	4.6039	4.3117	4.3117	4.3602
City of Novi	10.5376	10.5376	10.5376	10.5376	10.5376
City of Wixom	14.3169	12.9526	12.9487	12.9487	13.0201
Oakland Intermediate Schools	3.1349	3.1541	3.1658	3.1658	3.2012
Oakland Community College	1.4747	1.4836	1.4891	1.4891	1.5057
Oakland Co. Public Trans. Auth.	0.9407	0.9464	0.9500	0.9500	0.0000

Constitutional Millage Rollback

Article IX, Section 31 of the Michigan Constitution (also referred to as the “Headlee Amendment”) requires that if the total value of existing taxable property (State Equalized Valuation) in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be reduced through a Millage Reduction fraction unless new millage is authorized by a vote of the electorate of the local taxing unit.

¹ The School District levies voted operating millage on non-homestead property (all taxable property other than principal residences, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy and industrial personal property), provided that the levy on the portion of non-homestead property constituting commercial personal property will be exempt from the first 12 mills of the millage rate to the extent not otherwise exempt. See “MICHIGAN PROPERTY TAX REFORM” herein. The School District levies Voted Hold Harmless millage on all homestead properties. The School District levies debt, recreational, and sinking fund millages on all taxable property. The Operating Voted millage, the Voted Hold Harmless millage and the Voted Recreational millage each expire with the 2033 levy. The Sinking Fund millage expires with the 2030 levy.

² Source: Oakland County Equalization Department.

Largest Taxpayers¹

Shown below are the ten largest identifiable taxpayers in the School District based on their 2025 taxable valuations. The taxpayers listed below represent 6.62% of the School District’s 2025 Taxable Valuation of \$3,306,265,880.

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Total Valuation Subject to Taxation</u>
TVO Mall Owner LLC	Retail Center	\$39,782,680
DTE Electric Company	Utility	27,094,700
GR Meadowbrook Inc.	Apartments	24,135,850
BC Novaplex LLC	Apartments	21,324,730
42400 W 12 Mile Rd. Propco LLC d/b/a Story Point Senior Living	Senior Living Community	19,924,700
Twelve Mile Crossing LLC	Shopping Mall	19,436,550
Pavilion Court (M-O) LLC	Apartments	17,923,370
Solomon Properties, Inc.	Apartments	17,680,070
TBON LLC	Hotel	16,343,150
ITC Headquarters	Utility	15,322,420
TOTAL		<u>\$218,968,220</u>

Debt History

The School District has no record of default on its obligations.

Future Financing

The School District plans to issue the remainder of its 2025 voted bond authorization, in the amount of \$375,000,000, in one or more series in the years 2027-2032.

Other Financing

The School District has an outstanding Installment Purchase Agreement which was issued in 2021 for an amount of \$4,150,000. The outstanding balance is \$1,610,228.65 and is due to mature on March 1, 2028.

School Bond Qualification and Loan Program²

As of February 26, 2026, the School District does not have a balance in the School Loan Revolving Fund.

¹ Source: Oakland County Equalization Department.

² Source: Michigan Department of Treasury.

Direct Debt (as of February 26, 2026)¹

05/03/16	2016 School Building and Site Bonds, Series II (UTNQ)	\$3,850,000
05/03/16	2016 Refunding Bonds (UTQ)	3,835,000
02/22/17	2017 School Building and Site Bonds, Series III (UTNQ)	8,280,000
03/03/20	2020 School Building and Site Bonds, Series I (UTNQ)	52,200,000
05/04/22	2022 School Building and Site Bonds, Series II (UTNQ)	37,500,000
05/04/22	2022 Refunding Bonds (UTNQ)	23,230,000
06/20/24	2024 School Building and Site Bonds, Series III (UTNQ)	<u>49,810,000</u>
Direct Debt		178,705,000
Less:	2016 School Building and Site Bonds, Series II (UTNQ)	(3,500,000)
Plus:	2026 School Building and Site (Series I) and Refunding Bonds (UTNQ)	<u>53,535,000*</u>
NET DIRECT DEBT (as of date of delivery)		<u>\$228,740,000*</u>

Overlapping Debt (February 26, 2026)¹

<u>% Applicable</u>	<u>Municipality</u>	<u>Amount Outstanding</u>	<u>School District Share</u>
63.39%	City of Novi	\$1,390,000	\$881,121
0.36	City of Wixom	21,735,000	78,246
3.92	Oakland County	119,765,128	4,694,793
3.94	Oakland I/S/D	36,680,000	1,445,192
0.91	Schoolcraft Community College	41,105,000	<u>374,056</u>
Net overlapping debt in the School District			<u>\$7,473,408</u>
NET DIRECT AND OVERLAPPING DEBT			<u>\$236,213,408*</u>

Debt Ratios*

2025 State Equalized Valuation (SEV)	\$4,153,925,860
2025 Taxable Valuation	\$3,306,265,880
2020 Population	35,356
Direct Debt (Including New Issue)	\$228,740,000
Direct/Overlapping Debt	\$236,213,408
Direct Debt Per Capita	\$6,470
Direct/Overlapping Debt Per Capita	\$6,681
Per Capita 2025 SEV	\$117,489
Ratio of Direct Debt to 2025 SEV	5.51%
Ratio of Direct/Overlapping Debt to 2025 SEV	5.69%
Per Capita 2025 Taxable Valuation	\$93,514
Ratio of Direct Debt to 2025 Taxable Valuation	6.92%
Ratio of Direct/Overlapping Debt to 2025 Taxable Valuation	7.14%

¹ Source: Municipal Advisory Council of Michigan.

*Preliminary, subject to change.

Legal Debt Margin (as of February 26, 2026)*

2025 State Equalized Valuation		\$4,153,925,860
Debt Limit (15% of 2025 State Equalized Valuation)		623,088,879
Debt Outstanding	\$228,740,000	
Less bonds not subject to Debt Limit ¹	<u>(3,835,000)</u>	
Total Subject to Debt Limit		<u>224,905,000</u>
Additional Debt Which Could Be Legally Incurred		<u>\$398,183,879</u>

ECONOMIC PROFILE

The School District is located in the southeastern portion of Michigan’s lower peninsula. The School District is slightly over 60 percent residential, with commercial and industrial properties comprising most of the rest. Oakland County is a leading center for international commerce, entrepreneurial activities, research and development, robotics and new business startups. The area offers residents many recreational and cultural opportunities. Eleven Oakland County parks offer a wide variety of year-round recreational opportunities ranging from camping, hiking, swimming, boating, golfing and picnicking to cross-country skiing, ice skating and ice fishing. Significant entertainment and sports venues are nearby including DTE Energy Music Theater (outdoor theater), and the Detroit Zoological Park.

The School District is located the following distances from these commercial and industrial areas:

- 22 miles southwest of Pontiac
- 29 miles west of downtown Detroit
- 52 miles north of Toledo, Ohio
- 20 miles northeast of Ann Arbor
- 55 miles southeast of Lansing

Unemployment²

The following table shows the historical annual average unemployment rates (not seasonally adjusted) for Oakland County and the State of Michigan.

	<u>Oakland County</u>	<u>State of Michigan</u>
2025, Dec.	3.8%	4.8%
2024	3.6%	4.7%
2023	2.9%	3.9%
2022	3.0%	4.2%
2021	4.6%	5.7%
2020	9.2%	10.0%

¹ Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16, of the Michigan Constitution of 1963, and (2) deficit budget bonds authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.

² Source: State of Michigan Office of Labor Market Information.

*Preliminary, subject to change.

Major Employers¹

<u>Company</u>	<u>Product or service</u>	<u>Approximate # of employees</u>
<i>In or around the School District</i>		
St. John Health/Ascension Providence Hospital	Health Care	2,395
Novi Community School District	Education	972
Harman	Automotive	935
City of Novi	Government	600
ITC Holding	Utility	583
Ryder System	Logistics	500
A123 Systems LLC	Battery manufacturer	493
Yanfeng	Automotive	450
Miracle Software Systems, Inc.	Software & IT services	435
Hanon	Energy solutions	375
Lineage Logistics	Logistics	371
Fox Run	Senior living	331
Intier/Magna	Seating systems	311
Walmart	Retail store	269
<i>Oakland County</i>		
Corewell Health	Health care system	13,712
Stellantis NV	Automotive mfg.	10,463
General Motors Co.	Automotive mfg.	7,451
UWM Holdings	Mortgage lender	7,300
Henry Ford Health System	Health care system	5,588
Ascension Michigan	Health care system	5,250
Amazon.com Inc.	Ecommerce	4,310
Oakland County	County government	3,742
Comerica Bank	Financial Institution	3,021
Trinity Health	Health care system	2,997
Rochester Community School District	Education	2,206
Continental Automotive Systems U.S. Inc.	Automotive supplier	1,905
Walled Lake Consolidated Schools	Education	1,805
Lear Corp	Ecommerce	1,773

¹ Sources: Hoovers D&B, Advantage Oakland.com – Crain’s Detroit Business.

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APPENDIX B

NOVI COMMUNITY SCHOOL DISTRICT

**General Fund Budget Summary
Fiscal Year Ending June 30, 2026**

	Amended <u>2025/26</u>
<u>REVENUES</u>	
Local Sources	\$31,833,957
State Sources	68,144,631
Federal Sources	1,913,972
Incoming Transfer & Other Transactions	<u>5,080,420</u>
TOTAL REVENUES	<u>106,972,980</u>
<u>EXPENDITURES</u>	
Instruction:	
Basic Programs	\$51,607,768
Added Needs	14,681,996
Adult Education	558,964
Support Services:	
Pupil	8,418,363
Instructional Staff	9,802,898
General Administration	778,965
School Administration	6,283,399
Business Services	1,411,744
Operations, Maintenance & Security	3,784,520
Transportation	2,869,888
Central Services	3,599,357
Athletics & Other Support Services	1,851,123
Community Services	<u>1,293,996</u>
TOTAL EXPENDITURES	<u>\$106,942,981</u>
Excess of Revenues Over (Under) Expenditures	29,999
Fund Balance - July 1	<u>\$15,417,631</u>
Estimated Fund Balance - June 30	<u>\$15,501,631</u>

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The School District has not obtained the written consent of its auditor for the inclusion of the portions of the annual financial report contained in this Official Statement. Therefore, the auditor has not conducted a post-audit review of such information.

Novi Community School District

Financial Statements

June 30, 2025

RECEIVED
By Sebastian Alberts at 3:33 pm, Nov 03, 2025

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Novi Community School District
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Dr. Danielle Ruskin – President
Paul Cook – Vice President
Jason Michener – Secretary
Mary Ann Roney – Treasurer
Betsy Beaudoin – Trustee
Willy Mena – Trustee
Jamie Kliebert – Trustee

Administration

Benjamin Mainka – Superintendent
Rebecca Scicluna – Assistant Superintendent of Business and Operations

Independent Auditors' Report

Management and the Board of Education
Novi Community School District
Novi, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Novi Community School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Novi Community School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Novi Community School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Novi Community School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, during the year ended June 30, 2025, Novi Community School District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Correction of Error

As described in Note 15 to the financial statements, a prior period adjustment was required in order to correct beginning balances of the governmental activities related to the School District's capital assets. Our opinion is not modified with respect to that matter.

2 - 1

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Novi Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Novi Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Novi Community School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

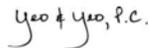
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Novi Community School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of the Novi Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Novi Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Novi Community School District's internal control over financial reporting and compliance.


Troy, Michigan
October 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Novi Community School District
Management Discussion and Analysis
June 30, 2025**

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, debt service, capital projects, and goof services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2025 and 2024:

Statement of Net Position

	Governmental Activities <u>June 30, 2025</u>	Governmental Activities <u>June 30, 2024</u>
Assets		
Current and other assets	\$ 67,289,526	\$ 112,068,029
Capital assets - net of accumulated depreciation	288,486,692	259,734,307
Net OPEB asset	20,785,168	2,595,544
Deferred outflows of resources	<u>45,894,079</u>	<u>55,770,933</u>
Total assets and deferred outflows	<u>422,455,465</u>	<u>430,168,813</u>
Liabilities and Deferred Inflows		
Current liabilities	25,706,483	25,218,736
Noncurrent liabilities	323,344,460	367,090,607
Deferred inflows of resources	<u>67,363,156</u>	<u>49,577,416</u>
Total liabilities and deferred inflows	<u>416,414,099</u>	<u>441,886,759</u>
Net Position		
Net investment in capital assets	98,147,790	99,019,739
Restricted	29,699,873	13,936,369
Unrestricted (deficit)	<u>(121,806,297)</u>	<u>(124,674,054)</u>
Total net position	<u>\$ 6,041,366</u>	<u>\$ (11,717,946)</u>

**Novi Community School District
Management Discussion and Analysis
June 30, 2025**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$6.04 million at June 30, 2025. Net investment in capital assets totaling \$98.15 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$121.81 million) was unrestricted.

The \$(121.81) million is unrestricted net position of governmental activities represents the accumulated results of all past year's operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The net deficit position is largely due to the requirement to record the pension and OPEB liabilities (assets) on the government-wide set of financial statements.

The results of this year's operation for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2025:

Statement of Activities

	Governmental Activities Year Ended <u>June 30, 2025</u>	Governmental Activities Year Ended <u>June 30, 2024</u>
Revenues		
Program Revenues		
Charges for services	\$ 4,209,828	\$ 4,589,457
Operating grants and contributions	37,240,466	37,121,817
General revenues		
Property taxes	48,856,641	46,271,616
State aid - unrestricted	43,255,735	44,411,774
Interest and investment earnings	3,862,262	3,363,948
Other	<u>1,911,277</u>	<u>2,537,300</u>
Total revenues	<u>139,336,209</u>	<u>138,295,912</u>
Expenses		
Instruction	53,559,822	57,860,793
Supporting services	36,360,246	38,237,014
Athletics	29,660	53,086
Food services	3,248,681	4,461,182
Community services	1,761,893	2,353,646
Interest and fiscal charges on long-term debt	6,782,431	5,559,155
Depreciation expense (unallocated)	<u>8,945,610</u>	<u>7,077,548</u>
Total expenses	<u>110,688,343</u>	<u>115,602,424</u>
Increase in net assets	<u>\$ 28,647,866</u>	<u>\$ 22,693,488</u>

As reported in the statement of activities, the cost of all our governmental activities this year was \$110.69 million. Certain activities were partially funded from those who benefited from the programs (\$4.21 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$37.23 million). We paid for the remaining public benefit portion of our governmental activities with \$49.09 million in taxes, \$43.26 million in

**Novi Community School District
Management Discussion and Analysis
June 30, 2025**

state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experience an increase in net position of \$28.64 million largely as a result of the significant decrease in the pension liability and OPEB asset during 2025.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of the district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$44.21 million, which is a decrease of \$44.90 million from last year. The primary reasons for the net increase are as follows:

In the General Fund, our principal operating fund, fund balances decreased by \$15.50 million to \$15.42 million. The General Fund fund balance is available to fund costs related to allowable school operating purposes.

In the 2024 Capital Projects Fund, fund balance decreased by \$37.90 million as the School District spent began to spend the bond proceeds from the voter-approved bonds.

In the 2022 Capital Projects Fund, fund balance decreased by \$1.19 million, as the School District continued to spend the proceeds from the voter-approved bonds.

In the 2020 Capital Projects Fund, fund balance decreased by \$3.41 million, as the School District continued to spend the proceeds from the voter-approved bonds.

Our special revenue funds increased from the prior year by approximately \$1.74 million. The Food Service Fund had an increase in fund balance of approximately \$0.54 million, the Student Activities Fund has an increase in fund balance of approximately \$0.17 million, and the Recreation Fund had a decrease in fund balance of approximately \$2.45 million.

The Debt Service Fund showed a fund balance increase of approximately \$0.53 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. The Debt Service Fund fund balance is restricted since it can be used only to pay debt service obligations.

The Sinking Fund fund balance decreased by approximately \$0.40 million. The School District collected \$1.70 million in voter-approved sinking fund millage. This millage is available to fund specific capital projects and repairs allowed by state law and approved by the voters.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amount compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

**Novi Community School District
Management Discussion and Analysis
June 30, 2025**

Total operating revenue received increased by \$0.05 million when compared to the final budget, including a decrease to state and federal revenue of \$0.38 million, \$0.01 million, respectively. However, local revenue increased compared to the final budget by \$0.44 million.

Overall expenses increased from the final budget by \$0.26 million mainly due to operations and maintenance coming in over budget.

Capital Assets and Debt Administration

As of June 30, 2025, the School District had \$288.49 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$36.61 million from last year.

	2025	2024
Land	\$ 9,607,341	\$ 9,607,341
Construction in progress	44,458,953	76,034,442
Buildings and improvements	314,217,560	238,393,927
Site Improvements	27,391,944	27,391,944
Equipment and furniture	10,093,303	9,616,654
Buses and other vehicles	8,424,927	8,053,957
Subtotal	414,194,028	369,098,265
Less accumulated depreciation and amortization	(125,707,336)	(117,219,323)
	<u>\$ 288,486,692</u>	<u>\$ 251,878,942</u>

This year's additions of \$45.10 million included equipment, technology, building renovations, site improvements, and building additions, mainly from the renovation of Novi Meadows. The majority of the additions were funded by the voter-approved bond issues.

Debt

At the end of the year, the School District had \$178.71 million in bonds outstanding versus \$191.86 million in the previous year, a decrease of 6.85%.

The School District's general obligation bond rating is Aa2 (Moody's) and AA- (Standard & Poor's). The School District's rating did not fall. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed up by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$186.09 million is significantly below this \$582.66 million statutorily imposed limit. Other obligations include accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets

Our elected officials and administration consider many factors when settling the School District's 2024-2025 fiscal year budget.

The state of Michigan did not have a budget in place for fiscal year 2025-2026 at the time that the School District had to adopt its original budget for fiscal year 2025-2026, which was in June 2025. Subsequently, the State adopted a budget that increased the foundation allowance. Additionally, for 2024-2025 and subsequent years, the State has returned to the pupil count formula being based on 10 percent of the February count date and 90 percent of the October count date.

**Novi Community School District
Management Discussion and Analysis
June 30, 2025**

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

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BASIC FINANCIAL STATEMENTS

Novi Community School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 50,948,880
Accounts receivable	180,765
Due from other governmental units	12,183,734
Inventory	60,151
Investments	2,133,821
Prepaid items	1,782,175
Capital assets not being depreciated	54,066,294
Capital assets - net of accumulated depreciation	234,420,398
Net OPEB asset	20,785,168
Total assets	376,561,386
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	40,038,260
Deferred amount relating to the net OPEB asset	5,855,819
Total deferred outflows of resources	45,894,079
Liabilities	
Accounts payable	10,900,559
Due to other governmental units	1,189,400
Payroll deductions and withholdings	85,260
Accrued expenditures	2,638,445
Accrued salaries payable	8,767,510
Unearned revenue	2,125,309
Long-term liabilities	
Net pension liability	116,041,501
Due within one year	17,447,133
Due in more than one year	189,855,826
Total liabilities	349,050,943

See Accompanying Notes to the Financial Statements
4 - 1

Novi Community School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Deferred Inflows of Resources	
Deferred amount on debt refunding	\$ 1,938,151
Deferred amount relating to the net pension liability	38,558,042
Deferred amount relating to the net OPEB asset	26,866,963
Total deferred inflows of resources	67,363,156
Net Position	
Net investment in capital assets	98,147,790
Restricted for:	
Food service	2,658,931
Debt service	657,353
Capital projects	4,445,932
Recreation	1,152,489
Other post employment benefits	20,785,168
Unrestricted (deficit)	(121,806,297)
Total net position	\$ 6,041,366

See Accompanying Notes to the Financial Statements
4 - 2

Novi Community School District
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Governmental activities				
Instruction	\$ 53,559,822	\$ 489,044	\$ 20,356,681	\$ (32,714,097)
Supporting services	36,360,246	-	12,740,501	(23,619,745)
Food services	3,248,681	428,184	4,143,284	1,322,787
Community services	1,761,893	2,843,419	-	1,081,526
Athletics	29,660	449,181	-	419,521
Unallocated depreciation expense	8,945,610	-	-	(8,945,610)
Interest and fiscal charges on long-term debt	<u>6,782,431</u>	<u>-</u>	<u>-</u>	<u>(6,782,431)</u>
Total governmental activities	<u>\$ 110,688,343</u>	<u>\$ 4,209,828</u>	<u>\$ 37,240,466</u>	<u>(69,238,049)</u>
General revenues				
Property taxes, levied for general purposes				23,998,587
Property taxes, levied for debt service				20,465,660
Property taxes, levied for sinking fund				1,472,862
Property taxes, levied for recreation fund				2,919,532
State aid - unrestricted				43,255,735
Interest and investment earnings				3,862,262
Other				<u>1,911,277</u>
Total general revenues				<u>97,885,915</u>
Change in net position				<u>28,647,866</u>
Net position - beginning, as previously stated				(11,717,946)
Adjustments				<u>(10,888,554)</u>
Net position - beginning, as restated				<u>(22,606,500)</u>
Net position - ending				<u>\$ 6,041,366</u>

See Accompanying Notes to the Financial Statements

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Novi Community School District
Governmental Funds
Balance Sheet
June 30, 2025

	Capital Projects Fund		Debt Service Fund	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	2024 Capital Projects Fund	Debt Service Fund	Recreation Fund	-		
Assets							
Cash	\$ 9,233,283	\$ 25,249,205	\$ 1,662,800	\$ 5,634,379	\$ 9,169,213	\$ 50,948,880	
Accounts receivable	179,612	-	-	-	1,153	180,765	
Due from other funds	4,734,243	-	13,131	-	-	4,747,374	
Due from other governmental units	12,163,669	-	-	-	20,065	12,183,734	
Inventory	-	-	-	-	60,151	60,151	
Investments	2,133,821	-	-	-	-	2,133,821	
Prepaid items	<u>1,607,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>1,782,175</u>	
Total assets	<u>\$ 30,051,803</u>	<u>\$ 25,249,205</u>	<u>\$ 1,675,931</u>	<u>\$ 5,634,379</u>	<u>\$ 9,425,582</u>	<u>\$ 72,036,900</u>	
Liabilities							
Accounts payable	\$ 2,560,193	\$ 8,225,843	\$ -	\$ 27,949	\$ 86,574	\$ 10,900,559	
Due to other funds	-	40,406	-	4,453,941	253,027	4,747,374	
Due to other governmental units	1,189,400	-	-	-	-	1,189,400	
Payroll deductions and withholdings	85,260	-	-	-	-	85,260	
Accrued salaries payable	8,767,510	-	-	-	-	8,767,510	
Unearned revenue	<u>2,031,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,500</u>	<u>2,125,309</u>	
Total liabilities	<u>14,634,172</u>	<u>8,266,249</u>	<u>-</u>	<u>4,481,890</u>	<u>433,101</u>	<u>27,815,412</u>	

See Accompanying Notes to the Financial Statements

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Novi Community School District
Governmental Funds
Balance Sheet
June 30, 2025

	Capital Projects Fund		Debt Service Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	2024 Capital Projects Fund	Debt Service Fund	Recreation Fund		
Fund Balances						
Non-spendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 60,151	\$ 60,151
Prepaid items	1,607,175	-	-	-	175,000	1,782,175
Restricted for						
Food service	-	-	-	-	2,423,780	2,423,780
Debt service	-	-	1,675,931	-	-	1,675,931
Capital projects	-	16,982,956	-	-	4,445,932	21,428,888
Recreation	-	-	-	1,152,489	-	1,152,489
Committed						
Student activities	-	-	-	-	1,887,618	1,887,618
Assigned						
Subsequent years expenditures	480,352	-	-	-	-	480,352
Unassigned	13,330,104	-	-	-	-	13,330,104
Total fund balances	15,417,631	16,982,956	1,675,931	1,152,489	8,992,481	44,221,488
Total liabilities and fund balances	\$ 30,051,803	\$ 25,249,205	\$ 1,675,931	\$ 5,634,379	\$ 9,425,582	\$ 72,036,900

See Accompanying Notes to the Financial Statements
4 - 5

Novi Community School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 44,221,488
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	54,066,294
Capital assets - net of accumulated depreciation	234,420,398
Net OPEB asset is not recorded as an asset in the governmental funds	20,785,168
Deferred outflows (inflows) of resources	
Deferred inflows of resources resulting from debt refunding	(1,938,151)
Deferred outflows of resources resulting from the net pension liability	40,038,260
Deferred outflows of resources resulting from the net OPEB asset	5,855,819
Deferred inflows of resources resulting from the net pension liability	(38,558,042)
Deferred inflows of resources resulting from the net OPEB asset	(26,866,963)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(1,018,578)
Incurred but not reported benefit claims	(62,155)
Arbitrage	(1,557,712)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(116,041,501)
Compensated absences	(4,479,688)
Bonds payable	(200,964,854)
Other loans payable and liabilities	<u>(1,858,417)</u>
Net position of governmental activities	\$ 6,041,366

See Accompanying Notes to the Financial Statements
4 - 6

Novi Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Capital Projects Funds			Debt Service Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
		2024 Capital Projects Fund	2022 Capital Projects Fund	2020 Capital Projects Fund	Debt Service Fund	Recreation Fund		
Revenues								
Local sources	\$ 30,200,598	\$ 2,114,627			\$ 20,774,807	\$ 3,147,921	\$ 5,010,442	\$ 61,248,395
State sources	66,889,050	-			54,170	7,694	3,027,982	69,978,896
Federal sources	1,838,725	-			-	-	1,089,570	2,928,295
Interdistrict sources	5,150,963	-			-	-	29,660	5,180,623
Total revenues	<u>104,079,336</u>	<u>2,114,627</u>			<u>20,828,977</u>	<u>3,155,615</u>	<u>9,157,654</u>	<u>139,336,209</u>
Expenditures								
Current								
Education								
Instruction	65,969,180	-			-	-	-	65,969,180
Supporting services	37,859,685	-			2,285	3,501,894	3,417,017	44,780,881
Food services	-	-			-	-	4,135,064	4,135,064
Community services	102,729	-			-	2,102,355	-	2,205,084
Capital outlay	290,548	39,745,442			-	-	4,796,077	44,832,067
Debt service								
Principal	-	-			13,150,000	-	592,264	13,742,264
Interest and other expenditures	-	270,958			8,211,513	-	51,828	8,534,299
Total expenditures	<u>104,251,802</u>	<u>40,016,400</u>			<u>21,363,798</u>	<u>5,604,249</u>	<u>12,992,250</u>	<u>184,228,499</u>
Excess (deficiency) of revenues over expenditures	<u>(172,466)</u>	<u>(37,901,773)</u>			<u>(534,821)</u>	<u>(2,448,634)</u>	<u>(3,834,596)</u>	<u>(44,892,290)</u>

See Accompanying Notes to the Financial Statements
4 - 7

Novi Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Capital Projects Funds			Debt Service Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
		2024 Capital Projects Fund	2022 Capital Projects Fund	2020 Capital Projects Fund	Debt Service Fund	Recreation Fund		
Other Financing Sources (Uses)								
Transfers in	\$ 87,946	\$ -			\$ -	\$ -	\$ -	\$ 87,946
Transfers out	-	-			-	-	(87,946)	(87,946)
Total other financing sources (uses)	<u>87,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,946)</u>	<u>-</u>
Net change in fund balances	<u>(84,520)</u>	<u>(37,901,773)</u>	<u>-</u>	<u>-</u>	<u>(534,821)</u>	<u>(2,448,634)</u>	<u>(3,922,542)</u>	<u>(44,892,290)</u>
Fund balances - beginning as previously presented	15,502,151	54,884,729	1,191,564	3,409,415	2,210,752	-	11,915,167	89,113,778
Change within financial reporting entity (between major and nonmajor funds)	-	-	(1,191,564)	(3,409,415)	-	3,601,123	999,856	-
Fund balances - beginning	<u>15,502,151</u>	<u>54,884,729</u>			<u>2,210,752</u>	<u>3,601,123</u>	<u>12,915,023</u>	<u>89,113,778</u>
Fund balances - ending	<u>\$ 15,417,631</u>	<u>\$ 16,982,956</u>			<u>\$ 1,675,931</u>	<u>\$ 1,152,489</u>	<u>\$ 8,992,481</u>	<u>\$ 44,221,488</u>

See Accompanying Notes to the Financial Statements
4 - 8

Novi Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds	\$ (44,892,290)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(8,945,610)
Capital outlay	45,553,360
Expenses are recorded when incurred in the statement of activities.	
Interest	55,278
Benefit claims	(10,144)
Arbitrage	(419,094)
Compensated absences	(436,414)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	32,064,366
Net change in deferrals of resources related to the net pension liability	(18,241,137)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	18,189,624
Net change in deferrals of resources related to the net OPEB asset	(9,708,927)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	13,742,264
Amortization of premiums	1,409,120
Amortization of deferred amount on debt refunding	287,470
Change in net position of governmental activities	\$ 28,647,866

See Accompanying Notes to the Financial Statements
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Novi Community School District
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Novi Community School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Novi Community School District
Notes to the Financial Statements
June 30, 2025

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Debt Service Fund - Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Recreation Fund - The Recreation Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Recreation Fund is the only Special Revenue Fund included as a major governmental fund.

2024 Capital Projects Funds - The Building and Site Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds - The School District's other Special Revenue Funds include the Food Service Fund and Student Activities Fund.

Sinking Fund - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Capital Projects Funds - The 2022 and 2020 Building and Site Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Assets, Liabilities and Net Position or Fund Balance

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Principal residence exemption	1.07320
Non-principal residence exemption	18.00000
Commercial personal property	7.07320
Industrial personal property	1.07320
Debt Service Funds	6.50000
Sinking Fund	0.47130
Recreation Fund	0.93660

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

Novi Community School District
Notes to the Financial Statements
June 30, 2025

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Site improvements	15 - 30 years
Equipment and furniture	5 - 10 years
Buses and other vehicles	5 - 10 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The

School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Compensated Absences - The liability for compensated absences reported in the government-wide financial statements consists of earned but unused vacation, sick leave benefits and termination payments. The liability has been calculated using historical averages of time that is more likely to be used or paid out in accordance with the School District's time off policies and bargaining unit agreements. A liability for these amounts is reported in governmental funds when the associated time off has been earned.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Novi Community School District
Notes to the Financial Statements
June 30, 2025

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also include revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Assistant Superintendent of Business and Operations. The Board of Education has granted the Assistant Superintendent of Business and Operations the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a minimum fund balance policy with a goal to maintain an annual unassigned general fund balance of at least 15% of the State average, whichever is higher, of estimated expenditures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported

Novi Community School District
Notes to the Financial Statements
June 30, 2025

amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities' column.

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and

intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

**Novi Community School District
Notes to the Financial Statements
June 30, 2025**

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 51,306,445	\$ 51,697,777	\$ 391,332
Added needs	12,811,104	13,673,472	862,368
Adult and continuing education	558,892	597,931	39,039
Instructional staff	7,949,224	8,282,410	333,186
General administration	733,941	812,555	78,614
School administration	5,124,990	5,351,186	226,196
Business	1,299,539	1,318,185	18,646
Pupil transportation services	2,770,844	2,947,037	176,193
Central	3,450,458	3,543,077	92,619
Athletic activities	1,421,887	1,530,160	108,273
Intergovernmental payments	-	29,660	29,660
Recreation Fund			
Supporting services	2,768,434	3,501,894	733,460
Community services	1,944,669	2,102,355	157,686
Food Service Fund	4,274,100	4,286,803	12,703
Student Activity Fund	2,276,717	2,344,105	67,388

Compliance - Bond Proceeds

The 2024 Capital Projects Fund includes capital project activities funded with the 2024 School Building and Site bonds. For this capital project, the School District has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

Compliance - Sinking Funds

The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of Section 1212 of the Revised School Code.

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	\$ 50,948,880
Investments	2,133,821
	<u>\$ 53,082,701</u>

**Novi Community School District
Notes to the Financial Statements
June 30, 2025**

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 6,631,889
Investments in securities, mutual funds, and similar vehicles	46,445,314
Petty cash and cash on hand	<u>300</u>
Total	<u>\$53,077,503</u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
MAX Class	\$44,311,493	N/A	AAAm	S&P
Federal agency bonds and notes	499,581	8/28/2025	AA+	S&P
Federal agency bonds and notes	249,465	12/12/2025	AA+	S&P
Federal agency bonds and notes	382,154	7/27/2026	AA+	S&P
Certificate of deposit	250,782	4/13/2026	N/A	N/A
Certificate of deposit	250,922	4/13/2026	N/A	N/A
Certificate of deposit	250,787	4/14/2026	N/A	N/A
Certificate of deposit	<u>250,130</u>	4/28/2026	N/A	N/A
	<u>\$46,445,314</u>			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was \$44,311,493. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to

the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk – The School District's investment policy does not restrict investment maturities other than commercial paper, which can be purchased only with a 270-day maturity. The School District's investment policy minimized interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk - State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

**Novi Community School District
Notes to the Financial Statements
June 30, 2025**

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$6,684,545 of the School District's bank balance of \$6,934,545 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2025:

- Federal agency bonds and notes of \$1,131,200 and certificates of deposit of \$1,002,621 are valued using quoted market prices (Level 2 inputs)

Note 5 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,607,341	\$ -	\$ -	\$ 9,607,341
Construction-in-progress	76,034,442	43,963,144	75,538,633	44,458,953
Total capital assets not being depreciated	85,641,783	43,963,144	75,538,633	54,066,294
Capital assets being depreciated				
Buildings and improvements	238,393,927	75,823,633	-	314,217,560
Site improvements	27,391,944	-	-	27,391,944
Equipment and furniture	9,616,654	476,649	-	10,093,303
Buses and other vehicles	8,053,957	828,567	457,597	8,424,927
Total capital assets being depreciated	283,456,482	77,128,849	457,597	360,127,734
Less accumulated depreciation for				
Buildings and improvements	88,591,855	7,327,554	-	95,919,409
Site improvements	16,354,573	832,995	-	17,187,568
Equipment and furniture	7,706,543	404,848	-	8,111,399
Buses and other vehicles	6,566,352	380,215	457,597	6,488,970
Total accumulated depreciation	117,219,323	8,945,610	457,597	125,707,336
Net capital assets being depreciated	166,237,159	68,183,239	-	234,420,398
Net capital assets	\$251,878,942	\$ 112,146,383	\$75,538,633	\$288,486,692

Depreciation expense was \$8,945,610 for the year ended June 30, 2025. Depreciation was not charged to the School District's activities because the related assets impact multiple activities and allocation of depreciation expenses is not practical.

**Novi Community School District
Notes to the Financial Statements
June 30, 2025**

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$24,093,805.

Note 6 - Interfund Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General fund	Debt service fund	\$ 13,131
General fund	2024 Capital projects fund	40,406
General fund	Other nonmajor governmental funds	239,896
General fund	Recreation fund	4,453,941
		<u>\$ 4,747,374</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year, between the General Fund and the Food Service Fund totaling \$87,946. These transfers were made to reimburse General Fund for its share of indirect costs.

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 1,488,707
Summer tuition and fall school charges received prior to services being rendered	543,102
Student meals	<u>93,500</u>
Total	\$ 2,125,309

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 191,855,000	\$ -	\$ 13,150,000	\$ 178,705,000	\$ 13,470,000
Premium on bonds	23,668,974	-	1,409,120	22,259,854	-
Total bonds payable	215,523,974	-	14,559,120	200,964,854	13,470,000
Notes from direct borrowings and direct placements					
Installment purchase agreement	2,450,681	-	592,264	1,858,417	605,665
Other liabilities	4,043,274	436,414	-	4,479,688	3,371,468
Compensated absences					
Total	\$222,017,929	\$ 436,414	\$ 15,151,384	\$207,302,959	\$ 17,447,133

**Novi Community School District
Notes to the Financial Statements
June 30, 2025**

General obligation bonds payable at year end, consist of the following:

\$51,675,000 serial bonds due in annual installments of \$650,000 - \$2,450,000 through 2047, interest at 4.00%	\$ 37,500,000
\$27,260,000 refunding bonds due in annual installments of \$2,785,000 - \$3,015,000 through 2033, interest at 2.92% - 3.60%	23,230,000
\$59,410,000 serial bonds due in annual installments of \$2,075,000 - \$3,525,000 through 2044, interest at 4.00% - 5.00%	52,200,000
\$12,230,000 2017 serial bonds due in annual installments of \$575,000 - \$780,000 through 2037, interest at 5.00%	8,280,000
\$6,515,000 serial bonds due in annual installments of \$350,000 through 2036, interest at 3.00% - 4.00%	3,850,000
\$16,145,000 refunding bonds due in annual installments of \$1,915,000 - \$1,920,000 through 2027, interest at 5.00%	3,835,000
\$49,810,000 serial bonds due in annual installments of \$1,000,000 - \$4,890,000 through 2049, interest at 5.00%	49,810,000
Total general obligation bonded debt	\$ 178,705,000

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

Year Ending June 30,	Bonds		Notes from direct borrowings and direct placements	
	Principal	Interest	Principal	Interest
2026	\$ 13,470,000	\$ 8,083,254	\$ 605,665	\$ 38,427
2027	8,745,000	7,506,716	619,369	24,722
2028	8,385,000	7,142,816	633,383	10,708
2029	8,470,000	6,795,806	-	-
2030	8,585,000	6,441,366	-	-
2031-2035	40,640,000	26,662,990	-	-
2036-2040	35,965,000	17,918,750	-	-
2041-2045	37,030,000	9,116,250	-	-
2046-2049	17,415,000	1,901,000	-	-
Total	\$178,705,000	\$ 91,568,948	\$ 1,858,417	\$ 73,857

The general obligation bonds are payable from the Debt Service Funds.

As of year end, the fund had a balance of \$1,675,931 to pay this debt. Future debt and interest will be payable from future tax levies.

In February 2021, the School District entered into an installment purchase agreement with a bank in the amount of \$4,150,000 to acquire a building. The note bears interest at 2.25 percent. Combined principal and interest payments of \$322,046 are due semiannually in March and September, and the note matures on March 1, 2028.

Compensated Absences

Accrued compensated absences at year end, consist of \$4,479,688 of earned but unused accumulated vacation and sick leave benefits. A liability for those amounts is reported in governmental funds when the associated time off has been earned. The liability has been calculated using historical averages of time that is more likely to be used or paid out in accordance with the School District's time off policies and bargaining unit agreements. Compensated absences additions and deductions are reported net.

Deferred Amount on Refunding

The 2016 and 2022 advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred inflow of resources and is being charged to activities through fiscal year 2033.

The activity and resulting balance of this deferred amount is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred inflow amount on refunding	\$ 2,225,621	\$ -	\$ 287,470	\$ 1,938,151

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Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The shared-risk pool program in which the School District operate as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District is self-insured for dental and vision insurance. The School District has contracted with an independent administrator to process the dental claims and perform other administrative duties. The School District evaluates the liability related to the dental and vision claims at the end of each fiscal year. The liability is calculated, based upon claims already incurred and reported and an estimate of incurred but not reported claims, as provided by the administrator. For governmental activities, the liability for dental benefits is primarily liquidated by the General Fund.

Change in estimated liabilities for claims for dental and vision benefits for the year is as follows:

	2025	2024
Estimated liability at the beginning of the year	\$ 52,011	\$ 44,000
Estimated claims incurred including changes in estimates	10,144	8,011
Estimated liability at the end of the year	\$ 62,155	\$ 52,011

Note 10 - Pension Plan

Postemployment Benefits Other Than Pensions (OPEB) Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly

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benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$19,816,685 for the year ending September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the School District reported a liability of \$116,041,501 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.4740 percent, which was an increase of 0.0164 percent from its proportion measured as of September 30, 2023.

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For the plan year ending September 30, 2024, the School District recognized pension expense of \$10,177,563 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$19,880,528. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 3,148,288	\$ (1,260,807)	\$ 1,887,481
Changes of assumptions	12,098,014	(8,502,172)	3,595,842
Net difference between projected and actual earnings on pension plan investments	-	(22,145,637)	(22,145,637)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>6,034,695</u>	<u>(1,321,684)</u>	<u>4,713,011</u>
Total to be recognized in future	21,280,997	(33,230,300)	(11,949,303)
School District contributions subsequent to the measurement date	<u>18,757,263</u>	<u>(5,327,742)</u>	<u>13,429,521</u>
Total	<u>\$ 40,038,260</u>	<u>\$(38,558,042)</u>	<u>\$ 1,480,218</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2026 with the 147c supplemental income received

subsequent to the measurement date which is included in the deferred inflows of resources.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
Year	Amount
2025	\$ (2,483,424)
2026	2,502,347
2027	(6,712,002)
2028	<u>(5,256,224)</u>
	<u>\$ (11,949,303)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses

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- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Long Term Expected Real	
	Target Allocation	Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions

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will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
\$ 170,118,087	\$ 116,041,501	\$ 71,012,338

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Postemployment Benefits Other Than Pensions (OPEB) Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who

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first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$4,013,747 for the year ended September 30, 2024.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the School District reported an asset of (\$20,785,168) for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net

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OPEB asset was determined by dividing each employer's statutory required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024 the School District's proportion was 0.4829 percent, which was an increase of 0.0241 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of (\$7,494,774) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$822,175.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (22,025,931)	\$ (22,025,931)
Changes of assumptions	4,539,780	(521,810)	4,017,970
Net difference between projected and actual earnings on OPEB plan investments	-	(3,934,871)	(3,934,871)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	929,252	(384,351)	544,901
Total to be recognized in future	5,469,032	(26,866,963)	(21,397,931)
School District contributions subsequent to the measurement date	386,787	-	386,787
Total	\$ 5,855,819	\$ (26,866,963)	\$ (21,011,144)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$ (7,152,640)
2026	(4,245,105)
2027	(4,044,579)
2028	(3,651,280)
2029	(1,943,472)
Thereafter	(360,855)
	<u>\$ (21,397,931)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses

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- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15; 3.0% Year 120
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 6.2834 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.0%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

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Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability or asset. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability or asset.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
5.00%	6.00%	7.00%
\$ (16,062,949)	\$ (20,785,168)	\$ (24,868,025)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (24,868,070)	\$ (20,785,168)	\$ (16,406,278)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2025.

Novi Community School District
Notes to the Financial Statements
June 30, 2025

Note 13 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted cities, villages and townships within the County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2025, the School District's property tax revenues were reduced by \$602,162 under these programs.

There are no significant abatements made by the School District.

Note 14 - Changes within the Financial Reporting Entity

During the year ended June 30, 2025, two funds that were previously reported as major funds in the prior year were no longer required to be presented as major in the current year, and a fund that was previously not reported as major in the prior year, was reported as major in the current year. As a result, the following presentation changes were necessary to be made in the financial statements:

	Nonmajor Governmental Funds	Recreation Fund	2022 Capital Projects Fund	2020 Capital Projects Fund
Fund balance at June 30, 2024, as previously reported	\$ 11,915,167	\$ -	\$ 1,191,564	\$ 3,409,415
Adjustments				
Change from major to nonmajor fund	4,600,979	-	(1,191,564)	(3,409,415)
Change from nonmajor to major fund	<u>(3,601,123)</u>	<u>3,601,123</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2024, as adjusted	<u>\$ 12,915,023</u>	<u>\$ 3,601,123</u>	<u>\$ -</u>	<u>\$ -</u>

Note 15 - Change in Accounting Principal and Correction of an Error

During the year ended June 30, 2025, the School District implemented GASB 101 – *Compensated Absences*. As a result, adjustments were made to the beginning balance of governmental activities net position to reflect the change in the beginning balance of the compensated absences accrual in accordance with GASB 101. Additionally during the year ended June 30, 2025, a prior period adjusting journal entry was required in order to correct errors in the balances of the School District's capital assets that resulted from errors in the School District's capital assets tracking workpapers. The results of these changes in beginning governmental activities net position are as follows:

	Governmental Activities
Net position balance at June 30, 2024, as previously reported	\$ (11,717,946)
Adjustments:	
Net decrease in capital assets	(7,855,365)
Increase in compensated absences	<u>(3,033,189)</u>
Restated net position at June 30, 2024	<u>\$ (22,606,500)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Novi Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 28,785,672	\$ 29,748,818	\$ 30,200,598	\$ 451,780
State sources	67,100,874	67,276,456	66,889,050	(387,406)
Federal sources	2,957,195	1,850,682	1,838,725	(11,957)
Interdistrict sources	5,060,870	5,151,917	5,150,963	(954)
Total revenues	<u>103,904,611</u>	<u>104,027,873</u>	<u>104,079,336</u>	<u>51,463</u>
Expenditures				
Instruction				
Basic programs	52,291,254	51,306,445	51,697,777	391,332
Added needs	12,540,816	12,811,104	13,673,472	862,368
Adult and continuing education	498,070	558,892	597,931	39,039
Supporting services				
Pupil	8,523,880	8,681,116	8,493,472	(187,644)
Instructional staff	6,965,725	7,949,224	8,282,410	333,186
General administration	1,021,781	733,941	812,555	78,614
School administration	4,700,989	5,124,990	5,351,186	226,196
Business	1,010,900	1,299,539	1,318,185	18,646
Operations and maintenance	6,288,573	5,585,921	5,126,324	(459,597)
Pupil transportation services	2,936,110	2,770,844	2,947,037	176,193
Central	3,484,793	3,450,458	3,543,077	92,619
Athletic activities	1,360,769	1,421,887	1,530,160	108,273
Other	475,199	473,053	455,279	(17,774)
Community services	1,765,649	1,534,113	102,729	(1,431,384)
Intergovernmental payments	-	-	29,660	29,660
Capital outlay	15,872	290,548	290,548	-
Total expenditures	<u>103,880,380</u>	<u>103,992,075</u>	<u>104,251,802</u>	<u>259,727</u>
Excess (deficiency) of revenues over expenditures	24,231	35,798	(172,466)	(208,264)
Other Financing Sources (Uses)				
Transfers in	<u>139,891</u>	-	<u>87,946</u>	<u>87,946</u>
Net change in fund balances	164,122	35,798	(84,520)	(120,318)
Fund balance - beginning	<u>15,502,151</u>	<u>15,502,151</u>	<u>15,502,151</u>	-
Fund balance - ending	<u>\$ 15,666,273</u>	<u>\$ 15,537,949</u>	<u>\$ 15,417,631</u>	<u>\$ (120,318)</u>

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Novi Community School District
Required Supplementary Information
Budgetary Comparison Schedule - Recreation Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 2,738,276	\$ 3,126,529	\$ 3,147,921	\$ 21,392
Expenditures				
Current				
Education				
Supporting services	2,297,000	2,768,434	3,501,894	733,460
Community services	632,830	1,944,669	2,102,355	157,686
Capital outlay	<u>3,000</u>	-	-	-
Total expenditures	<u>2,932,830</u>	<u>4,713,103</u>	<u>5,604,249</u>	<u>891,146</u>
Net change in fund balances	(194,554)	(1,578,880)	(2,448,634)	(869,754)
Fund balance - beginning	<u>3,601,123</u>	<u>3,601,123</u>	<u>3,601,123</u>	-
Fund balance - ending	<u>\$ 3,406,569</u>	<u>\$ 2,022,243</u>	<u>\$ 1,152,489</u>	<u>\$ (869,754)</u>

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Novi Community School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of net pension liability (%)	0.47399%	0.45760%	0.44465%	0.45254%	0.46381%	0.46320%	0.46099%	0.45972%	0.76023%	0.46769%
B. School District's proportionate share of net pension liability	\$ 116,041,501	\$ 148,105,867	\$ 167,228,930	\$ 107,141,611	\$ 159,324,285	\$ 153,395,001	\$ 138,583,097	\$ 119,132,187	\$ 114,824,425	\$ 114,234,482
C. School District's covered payroll	\$ 51,161,464	\$ 45,865,562	\$ 43,938,029	\$ 40,647,786	\$ 40,873,626	\$ 40,611,292	\$ 39,347,566	\$ 38,560,076	\$ 38,540,672	\$ 38,955,408
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	226.81%	322.91%	380.60%	263.59%	389.80%	377.72%	352.20%	308.95%	297.93%	293.24%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	73.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Novi Community School District
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 19,880,528	\$ 19,585,561	\$ 21,242,428	\$ 15,440,165	\$ 13,550,570	\$ 12,825,056	\$ 12,432,151	\$ 11,676,588	\$ 11,076,646	\$ 10,764,810
B. Contributions in relation to statutorily required contributions	<u>19,880,528</u>	<u>19,585,561</u>	<u>21,242,428</u>	<u>15,440,165</u>	<u>13,550,570</u>	<u>12,825,056</u>	<u>12,432,151</u>	<u>11,676,588</u>	<u>11,076,646</u>	<u>10,764,810</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 53,396,257	\$ 50,089,300	\$ 44,764,681	\$ 43,749,214	\$ 39,912,706	\$ 41,347,269	\$ 40,655,331	\$ 38,768,262	\$ 38,643,725	\$ 38,567,537
E. Contributions as a percentage of covered payroll	37.23%	39.10%	47.45%	35.29%	33.95%	31.02%	30.58%	30.12%	28.66%	27.91%

Novi Community School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.482882%	0.458800%	0.452440%	0.449560%	0.461200%	0.464740%	0.460790%	0.459130%		
B. School District's proportionate share of the net OPEB liability (asset)	\$ (20,785,168)	\$ (2,595,544)	\$ 9,582,967	\$ 6,861,923	\$ 24,707,945	\$ 33,358,047	\$ 36,628,054	\$ 40,657,770		
C. School District's covered payroll	\$ 51,161,464	\$ 45,865,562	\$ 43,938,029	\$ 40,647,786	\$ 40,873,626	\$ 40,611,292	\$ 39,347,566	\$ 38,560,076		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-40.63%	-5.66%	21.81%	16.88%	60.45%	82.14%	93.09%	105.44%		
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Novi Community School District
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 822,175	\$ 3,929,973	\$ 3,603,199	\$ 3,565,211	\$ 3,299,783	\$ 3,308,608	\$ 3,193,486	\$ 2,795,424		
B. Contributions in relation to statutorily required contributions	<u>822,175</u>	<u>3,929,973</u>	<u>3,603,199</u>	<u>3,565,211</u>	<u>3,299,783</u>	<u>3,308,608</u>	<u>3,193,486</u>	<u>2,795,424</u>		
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
D. School District's covered payroll	\$ 53,396,257	\$ 50,089,300	\$ 44,764,681	\$ 43,749,214	\$ 39,912,706	\$ 41,347,269	\$ 40,655,331	\$ 38,768,262		
E. Contributions as a percentage of covered payroll	1.54%	7.85%	8.05%	8.15%	8.27%	8.00%	7.86%	7.21%		

OTHER SUPPLEMENTARY INFORMATION

**Novi Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025**

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds	
	Food Service Fund	Student Activities Fund	Sinking Fund	2022 Capital Projects Fund		2020 Capital Projects Fund
Assets						
Cash	\$ 2,822,862	\$ 1,892,176	\$ 4,454,175	\$ -	\$ -	\$ 9,169,213
Accounts receivable	1,153	-	-	-	-	1,153
Due from other governmental units	20,065	-	-	-	-	20,065
Inventory	60,151	-	-	-	-	60,151
Prepaid items	175,000	-	-	-	-	175,000
Total assets	\$ 3,079,231	\$ 1,892,176	\$ 4,454,175	\$ -	\$ -	\$ 9,425,582
Liabilities						
Accounts payable	\$ 74,108	\$ 4,558	\$ 7,908	\$ -	\$ -	\$ 86,574
Due to other funds	252,692	-	335	-	-	253,027
Unearned revenue	93,500	-	-	-	-	93,500
Total liabilities	420,300	4,558	8,243	-	-	433,101
Fund Balances						
Non-spendable						
Inventory	60,151	-	-	-	-	60,151
Prepaid items	175,000	-	-	-	-	175,000
Restricted for						
Food service	2,423,780	-	-	-	-	2,423,780
Capital projects	-	-	4,445,932	-	-	4,445,932
Committed	-	1,887,618	-	-	-	1,887,618
Total fund balances	2,658,931	1,887,618	4,445,932	-	-	8,992,481
Total liabilities and fund balances	\$ 3,079,231	\$ 1,892,176	\$ 4,454,175	\$ -	\$ -	\$ 9,425,582

Novi Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds	
	Recreation Fund	Food Service Fund	Student Activities Fund	Sinking Fund	2022 Capital Projects Fund		2020 Capital Projects Fund
Revenues							
Local sources		\$ 685,376	\$ 2,520,485	\$ 1,692,281	\$ 23,671	\$ 88,629	\$ 5,010,442
State sources		3,024,054	-	3,928	-	-	3,027,982
Federal sources		1,089,570	-	-	-	-	1,089,570
Interdistrict sources		29,660	-	-	-	-	29,660
Total revenues		<u>4,828,660</u>	<u>2,520,485</u>	<u>1,696,209</u>	<u>23,671</u>	<u>88,629</u>	<u>9,157,654</u>
Expenditures							
Current							
Education							
Supporting services		-	2,344,105	1,072,912	-	-	3,417,017
Food services		4,135,064	-	-	-	-	4,135,064
Capital outlay		63,793	-	19,005	1,215,235	3,498,044	4,796,077
Debt service							
Principal		-	-	592,264	-	-	592,264
Interest and other expenditures		-	-	51,828	-	-	51,828
Total expenditures		<u>4,198,857</u>	<u>2,344,105</u>	<u>1,736,009</u>	<u>1,215,235</u>	<u>3,498,044</u>	<u>12,992,250</u>
Excess (deficiency) of revenues over expenditures		629,803	176,380	(39,800)	(1,191,564)	(3,409,415)	(3,834,596)
Other Financing Uses							
Transfers out		(87,946)	-	-	-	-	(87,946)
Net change in fund balances		541,857	176,380	(39,800)	(1,191,564)	(3,409,415)	(3,922,542)
Fund balances - beginning as previously presented	3,601,123	2,117,074	1,711,238	4,485,732	-	-	11,915,167
Change within financial reporting entity (between major and nonmajor funds)	(3,601,123)	-	-	-	1,191,564	3,409,415	999,856
Fund balances - beginning, as adjusted		2,117,074	1,711,238	4,485,732	1,191,564	3,409,415	12,915,023
Fund balances - ending		\$ 2,658,931	\$ 1,887,618	\$ 4,445,932	\$ -	\$ -	\$ 8,992,481

Novi Community School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2016 School Building and Site Bonds	2016 Refunding Bonds	2017 School Building and Site Bonds, Series III	2020 School Building and Site Bonds, Series I	2022 School Building and Site Bonds, Series II	2022 Refunding Bonds	2024 School Building and Site Bonds	Total
2026	\$ 350,000	\$ 1,915,000	\$ 575,000	\$ 2,075,000	\$ 650,000	\$ 3,015,000	\$ 4,890,000	\$ 13,470,000
2027	350,000	1,920,000	600,000	2,150,000	725,000	3,000,000	-	8,745,000
2028	350,000	-	625,000	2,200,000	1,250,000	2,960,000	1,000,000	8,385,000
2029	350,000	-	650,000	2,250,000	1,300,000	2,920,000	1,000,000	8,470,000
2030	350,000	-	650,000	2,300,000	1,350,000	2,885,000	1,050,000	8,585,000
2031	350,000	-	675,000	2,350,000	1,350,000	2,850,000	1,105,000	8,680,000
2032	350,000	-	700,000	2,400,000	1,375,000	2,815,000	1,160,000	8,800,000
2033	350,000	-	725,000	2,500,000	1,475,000	2,785,000	1,220,000	9,055,000
2034	350,000	-	750,000	2,600,000	1,600,000	-	1,625,000	6,925,000
2035	350,000	-	775,000	2,700,000	1,650,000	-	1,705,000	7,180,000
2036	350,000	-	775,000	2,800,000	1,700,000	-	1,790,000	7,415,000
2037	-	-	780,000	2,900,000	1,775,000	-	1,880,000	7,335,000
2038	-	-	-	3,000,000	1,850,000	-	1,970,000	6,820,000
2039	-	-	-	3,100,000	1,900,000	-	2,070,000	7,070,000
2040	-	-	-	3,200,000	1,950,000	-	2,175,000	7,325,000
2041	-	-	-	3,300,000	2,000,000	-	2,280,000	7,580,000
2042	-	-	-	3,400,000	2,050,000	-	2,395,000	7,845,000
2043	-	-	-	3,450,000	2,125,000	-	2,515,000	8,090,000
2044	-	-	-	3,525,000	2,225,000	-	2,640,000	8,390,000
2045	-	-	-	-	2,350,000	-	2,775,000	5,125,000
2046	-	-	-	-	2,400,000	-	2,915,000	5,315,000
2047	-	-	-	-	2,450,000	-	3,060,000	5,510,000
2048	-	-	-	-	-	-	3,215,000	3,215,000
2049	-	-	-	-	-	-	3,375,000	3,375,000
Total	\$ 3,850,000	\$ 3,835,000	\$ 8,280,000	\$ 52,200,000	\$ 37,500,000	\$ 23,230,000	\$ 49,810,000	\$ 178,705,000
Principal payments due the first day of	May	May	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	May and November	May and November	
Interest rate	3.00% - 4.00%	2.50% - 5.00%	5.00%	4.00% - 5.00%	4.00%	2.60% - 3.60%	5.00%	
Original issue	\$ 6,515,000	\$ 16,145,000	\$ 12,230,000	\$ 59,410,000	\$ 51,675,000	\$ 27,260,000	\$ 49,810,000	



**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditors' Report

Members of the Board of Education
Novi Community School District
Novi, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Novi Community School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Novi Community School District's basic financial statements, and have issued our report thereon dated October 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Novi Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Novi Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Novi Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other

As part of obtaining reasonable assurance about whether Novi Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below as item 2025-002.

2025-001 – Material Weakness – Prior Period Adjustment to Capital Assets

Criteria: Governmental entities are required under GASB Statement No. 34 to maintain accurate and complete records of capital assets, including proper depreciation over their useful lives. Internal controls should ensure that asset additions, disposals, and depreciation are recorded accurately and timely.

Condition: During the current fiscal year, management undertook a comprehensive review and clean-up of the School District's capital asset records. This process revealed significant errors in the historical accounting for capital assets, including incorrect manual calculations and inconsistencies between summary and detailed asset listings. Specifically, the School District identified:

- A decrease in capital asset cost of \$3,423,276 due to assets recorded in the summary that did not exist in the detailed listing.
- An increase in accumulated depreciation of \$4,432,089 resulting from incorrect or missing depreciation calculations.
- A total net adjustment of approximately \$7,855,365, recorded as a prior period adjustment to beginning net position.

Cause and Effect: The School District has not completed an inventory review or reconciliation of the capital assets detailed listing compared to the summary report. This resulted in the summary sheet being rolled forward every year with additions and disposals being posted directly to the summary sheet and not within the detailed listing.

Recommendation: We recommend that the School District begins using the capital asset module within the School District accounting system so that depreciation calculations will be automated moving forward. Additionally, during the implementation of this system, it will offer a time to do a full inventory of the detailed listing in order to verify that all assets are properly included within the districts detailed fixed assets listing.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See attached corrective action plan from management.

2025-002 – Material Weakness and Material Noncompliance – Budget Overages

Criteria: Michigan Public Act 2 of 1968 (Uniform Budgeting and Accounting Act) requires that expenditures not exceed appropriations at the legal level of budgetary control. Additionally, *Governmental Accounting Standards Board (GASB)* and *Government Auditing Standards* require that entities maintain effective internal controls over financial reporting and compliance, including budgetary compliance.

Condition: During our audit of the current fiscal year, we noted that the School District transferred a significant amount of expenditures from the general fund to the recreation fund after year-end. These transfers were made to reallocate costs that were allowable under the recreation fund, which had sufficient fund balance to absorb the expenditures. However, the School District did not adopt a formal budget amendment to reflect these changes because the School District's final budget amendment had already been approved. As a result, the final amended budget did not accurately reflect actual expenditures, leading to material budget overruns in the following functions:

- Supporting Services: Over budget by \$733,460
- Community Services: Over budget by \$157,686

Cause and Effect: The School District approved their final budget prior to the end of the fiscal year, however, when the year end closing processes were completed, it was determined that there were more expenditures that were allowable to be charged to the recreation fund.

Recommendation: We recommend that the School District takes items like this into consideration in the future during their final budget amendment process to ensure that items such as allowable transfers of expenditures are considered during the final approved budget.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See attached corrective action plan from management.

Novi Community School District's Response to Findings and Corrective Action Plan

Government Auditing Standards requires the auditor to perform limited procedures on Novi Community School District's response to the findings identified in our audit and described in the accompanying corrective action plans. Novi Community School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Troy, Michigan
October 29, 2025

**Novi Community School District
Corrective Action Plan
June 30, 2025**

2025-001 – Material Weakness – Prior Period Adjustment to Capital Assets

Name of Responsible Party: Rebecca Scicluna & Steve LeBlanc

Corrective Action Plan: Import of Capital Assets into SMART Finance System. This will allow us to have an automated depreciation schedule, we will also review all inventory of our fixed assets to ensure we have accurate data.

Anticipated Date of Completion: June 30, 2026

2025-002 – Material Weakness and Material Noncompliance – Budget Overages

Name of Responsible Party: Rebecca Scicluna & Steve LeBlanc

Corrective Action Plan: During the final budget amendment, we will ensure that all costs will be reviewed by the CFO and Director of Finance and checked to make sure we won't have any significant increases to allow us to go over like we did with this fund.

Anticipated Date of Completion: June 30, 2026

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THRUN

LAW FIRM, P.C.

APPENDIX D

U.S. MAIL ADDRESS

P.O. Box 2575, EAST LANSING, MI 48826-2575
 PHONE: (517) 484-8000 FAX: (517) 484.0041

ALL OTHER SHIPPING

2900 WEST ROAD, SUITE 400
 EAST LANSING, MI 48823-6366

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GORDON W. VANWIENEN, JR. (OF COUNSEL)
 ROY H. HENLEY (OF COUNSEL)
 BRADFORD W. SPRINGER (OF COUNSEL)

DRAFT LEGAL OPINION

Novi Community School District
 County of Oakland
 State of Michigan

We have acted as bond counsel in connection with the issuance by Novi Community School District, County of Oakland, State of Michigan (the "Issuer"), of its bonds in the aggregate principal amount of \$_____ designated 2026 School Building and Site (Series I) and Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds"). The Bonds are in fully registered form and issued without coupons, are dated _____, 2026, are of \$5,000 denomination or any integral multiple thereof, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the times as set forth in the Bonds, mature on the dates shown below, and bear interest payable on November 1, 2026, and semiannually thereafter on May 1 and November 1 of each year in the amounts and at the rates as follows:

<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
-------------	---------------	-------------	-------------	---------------	-------------

The Bonds maturing on _____, 20__, are term Bonds subject to mandatory redemption in part, by lot, on the redemption dates and at the redemption price equal to the principal amount thereof as provided in the Bonds.

We have examined the documents which we deem authentic and pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the electors and board of education of the Issuer, a copy of the approval of the Department of Treasury of the State of Michigan to issue the Bonds, and a specimen of the Bond certificates.

Based upon the foregoing, we are of the opinion that under existing law:

- (1) the Bonds have been lawfully authorized and issued and are enforceable obligations of the Issuer in accordance with their terms;
- (2) the Bonds are the general obligation of the Issuer for which its full faith, credit and resources have been irrevocably pledged;



Novi Community School District
County of Oakland
State of Michigan

_____, 2026

Page 2

(3) the Issuer has the power, and is obligated, to levy taxes on all taxable property now situated within the corporate boundaries of the Issuer, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds;

(4) the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof; and

(5) the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an “applicable corporation” as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement of such rights may also be subject to the exercise of judicial discretion in appropriate cases.

THRUN LAW FIRM, P.C.

TLF/CJI

**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

§ _____
**NOVI COMMUNITY SCHOOL DISTRICT
COUNTY OF OAKLAND
STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE (SERIES I) AND REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Novi Community School District, County of Oakland, State of Michigan (the “Issuer”), in connection with the issuance of its \$ _____ 2026 School Building and Site (Series I) and Refunding Bonds (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on December 11, 2025 and _____, 2026 (together, the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule. The Issuer acknowledges that this Agreement does not address the scope of any application of Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act to the Annual Reports or notices of the Listed Events provided or required to be provided by the Issuer pursuant to this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Bondholder” means the registered owner of a Bond or any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

“Dissemination Agent” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access which provides continuing disclosure services for the receipt and public availability of continuing disclosure documents and related information required by Rule 15c2-12 promulgated by the SEC.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) provided; however, that a “Financial Obligation”

shall not include any municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the final Official Statement for the Bonds dated _____, 2026.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Resolution” shall mean the resolutions duly adopted by the Issuer authorizing the issuance, sale and delivery of the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 2026, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

(b) The Annual Report shall be submitted to EMMA either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by MSRB to accurately identify: (i) the category of information being provided; (ii) the period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, Issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the Issuer; (v) the name and date of the document; and (vi) contact information for the Dissemination Agent or the Issuer’s submitter.

(c) If the Issuer is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall send a notice in a timely manner to the MSRB in substantially the form attached as Appendix A.

(d) If the Issuer's fiscal year changes, the Issuer shall send a notice of such change to the MSRB in substantially the form attached as Appendix B. If such change will result in the Issuer's fiscal year ending on a date later than the ending date prior to such change, the Issuer shall provide notice of such change to the MSRB on or prior to the deadline for filing the Annual Report in effect when the Issuer operated under its prior fiscal year. Such notice may be provided to the MSRB along with the Annual Report, provided that it is filed at or prior to the deadline described above.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) audited financial statements of the Issuer prepared pursuant to State laws, administrative rules and guidelines and pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles as applicable to governmental units as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time; and

(b) additional annual financial information and operating data as set forth in the Official Statement under "CONTINUING DISCLOSURE".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which previously have been provided to each of the Repositories or filed with the SEC. If the document included by specific reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice in a timely manner not in excess of ten business days of the occurrence of any of the following events with respect to the Bonds in accordance with the Rule:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or other obligated person, any of which affect security holders, if material;
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or other obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would constitute material information for the Bondholders, provided that any event other than those listed under Section 5(a)(2), (6), (7), (8), (10), (13), (14) or (15) above will always be deemed to be material. Events listed under Section 5(a)(6) and (8) above will always be deemed to be material except with respect to that portion of those events which must be determined to be material.

(c) The Issuer shall promptly cause a notice of the occurrence of a Listed Event, determined to be material in accordance with the Rule, to be electronically filed with EMMA, together with a significant event notice cover sheet substantially in the form attached as Appendix C. In connection with providing a notice of the occurrence of a Listed Event described in Section 5(a)(9) above, the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The Issuer acknowledges that the “rating changes” referred to above in Section 5(a)(11) of this Agreement may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(e) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Agreement shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds.

(b) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of nationally recognized bond counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 7. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may be amended, and any provision of this Agreement may be waived to the effect that:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or the types of business in which the Issuer is engaged;

(b) this Agreement as so amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, in the opinion of independent legal counsel; and

(c) such amendment or waiver does not materially impair the interests of the Bondholders, in the opinion of independent legal counsel.

If the amendment or waiver results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. If the amendment or waiver involves a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared based on the new accounting principles and those prepared based on the former accounting principles. The comparison should include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison should also be quantitative. A notice of the change in the accounting principles should be sent by the Issuer to the MSRB. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution or the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement.

SECTION 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Bondholders and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

NOVI COMMUNITY SCHOOL DISTRICT
COUNTY OF OAKLAND
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____, 2026

APPENDIX C

SIGNIFICANT EVENT NOTICE COVER SHEET

This cover sheet and significant event notice should be provided in an electronic format to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which this significant event notice relates: _____

Number of pages of attached significant event notice: _____

Description of Significant Events Notice (Check One):

1. _____ Principal and interest payment delinquencies
2. _____ Non-payment related defaults
3. _____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. _____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. _____ Substitution of credit or liquidity providers, or their failure to perform
6. _____ Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. _____ Modifications to rights of security holders
8. _____ Bond calls
9. _____ Tender offers
10. _____ Defeasances
11. _____ Release, substitution, or sale of property securing repayment of the securities
12. _____ Rating changes
13. _____ Bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person
14. _____ The consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
15. _____ Appointment of a successor or additional trustee or the change of name of a trustee
16. _____ Incurrence of a financial obligation of the Issuer or other obligated person
17. _____ Agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation that affect security holders
18. _____ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer or other obligated person that reflect financial difficulties
19. _____ Other significant event notice (specify) _____

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: (_____) _____

The MSRB Gateway is www.msrb.org or through the EMMA portal at emma.msrb.org/submission/Submission_Portal.aspx. Contact the MSRB at (703) 797-6600 with questions regarding this form or the dissemination of this notice. The cover sheet and notice may also be faxed to the MAC at (313) 963-0943.



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